

ANALYSIS OF HOUSEHOLD CONSUMPTION EXPENDITURE OF SWITCHED SECTOR WORKERS AND THEIR FAMILY WELFARE IN PALEMBANG, SOUTH SUMATERA

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Abstract: *This study analyzes the household consumption expenditure of switched sector workers and their family welfare in Palembang. In was study, the data used were cross section data using questionnaires. Analysis model in this study was multiple linier regressions. Three findings were found in this study. First, variables of workers' revenue, education, and number of dependents had positive and significant influence on household consumption expenditure of switched sector workers. Second, workers' revenue was still the largest contribution to the family revenue by 70.24 percent, since workers' revenue was still the main revenue in the family. Thirdly, the largest percentage of the switched sector workers' family categorized as "welfare" was 88 percent.*

Keywords: *household consumption, switched sector workers, family welfare*

I. Introduction

Switched job is an interesting social phenomenon and one of the main motivations a worker does it is economic factor. Someone is regarded to switch sector if the job is now different from the previous job whether in the field of business or in employment status. According to Mantra (1985), a person does it due to the economic disparities of the works. Condition most felt to be rational consideration, where one switches job to a new job sector is the hope to get a better job and to earn a higher revenue than that obtained in previous job.

In taking the decision to switch job or to stay on the previous job, it is usually influenced by several factors, but usually the most dominant factor is the desire to obtain a larger revenue, but on the other hand Borjas (2000), suggests that the switch can be caused by the desire of workers due to the reasons that they find a better job or it can also be caused due to dismissal by the company, or the end of the employment contract. The positive impact of the transfer of the employment sector is the increased revenue that will influence household consumption. Revenue and household consumption expenditure are the determining factors of the welfare of the family. The more prosperous the family, the more ability to fulfill the needs of the family in quantity and quality. To achieve this goal, the family revenue becomes the highest contributor in meeting the needs of the family. Based on the above discussion, the questions to be discussed is (1) what factors that influence household consumption expenditure of switched sector workers? (2) how much is the contribution of workers revenue to the family revenue, and (3) how much is the welfare of families of switched sector workers?

II. Literatur Review

The switch from one job to another has an important role in the economy, because it involves an increase in the welfare of workers. Pack and Paxson (1999) describe that through the switched of employment or mobility, the workers will earn a better revenue from the previous jobs. In addition to the switch of jobs, there is a concordance between the company and workers, where the company wants a qualified workforce while the workers expect higher salary. Workers respond employment opportunities for profit, which is then followed by the migration of workers from one sector to other economic sectors, between industries, between jobs or between regions quickly and smoothly (Bhandari and Heshmati, 2006). The positive impact of mobility of workers is the raise of household revenues, which will influence household consumption expenditure, and finally will determine the level of family welfare (Susilowati, 2001). The result from Tapsin and Hepsag (2014) also notes that household consumption expenditure is as a significant financial planning tool. Household consumption expenditure is also considered as the primary economic indicator in determining the welfare of the family.

Bubolz and Sontag (1993), explain that welfare, another term of the quality of human life, is a condition where basic needs are fulfill and life values are completed. In line with these opinions, Wang (2013) suggests that worker mobility can improve welfare, especially for workers who have the skills for all types of work. To increase revenue, the wives usually work with the hope that the earned revenue can help fulfill the needs of families even though this condition affects the family due to long working hours, it shows a significant influence on family welfare (Akhtar, et.al, 2012). In contrast to the result of research above, Rahmanov (2014), states that with the increased in revenue, the saving also increases.

Measurements of family welfare are based on (1) the level of family revenue is all revenue of family members living in one house of the main business, addition, and other businesses within 1 (one) month; and (2) the level of household consumption expenditure is seen from the fulfillment of basic needs, other additional needs within 1 (one) month. Furthermore, family welfare is measured using indicators of poverty released by Central Bureau of Statistics (BPS, 2015).

III. Research Method

3.1 Scope of the Research

This study analyzed the household consumption expenditure of switched sector workers and their family welfare in Palembang. In this study, the units of analysis were all workers who switched jobs three economic sectors, primary, secondary, and tertiary sectors. The variable units which became the unit of analysis were workers' revenue, workers' education, and the number of dependents. The data used were the cross section data obtained through field surveys using questionnaires. Other important supporting data were gathered from survey of Central Bureau of Statistics (BPS, 2014) "Palembang in Figures 2013". Data taken were the data of the number of workers by the main business field where the number of workers in the city of Palembang were approximately 600,408 people. In order that the samples taken in this study might represent the population, the sample in this study was determined by using Slovin formula (Sangadji and Sopiah, 2010). By using a precision level of 10 percent, the number of samples obtained was 100 people, Determination of switched sector workers used simple random sampling (Singarimbun and Effendi, 1995).

3.2 Model and Technique of Analysis

To find out the factors that influenced household consumption expenditure of switched sector workers, it was then made the estimation model function as follows

$$Y = f(X1, X2, X3) \dots\dots\dots (1)$$

Then by using OLS method, an estimation of the econometric model was done with the following equation

$$Ci = 0 + 1PDP + 2DIK + 3JT + e \dots\dots\dots (2)$$

Where:

- Ci = Household Consumption Expenditure
- PDP = Workers' Revenue
- DIK = Education
- JT = Number of Dependents
- e = error term

IV. Result and Discussion

4.1 Factors Affecting Household Consumption Expenditure among Switched Sector Workers

In this study, the dependent variable (Ci) was the household consumption expenditure, and the independent variables were workers' revenue (PDP), education (DIK), and the number of dependents (JT). Estimated results of equation of household consumption expenditure among switched sector workers are as follows.

Table 1. Estimated Result of Equation of Household Consumption Expenditure Household among Switched Sector Workers

Variables	Estimated Parameter	Sig (P-Value)
Constants	0.290	0.637
Workers' Revenue (PDP)	0.433	0.000*
Education (DIK)	0.071	0.067**
Number of Dependents (JT)	0.254	0.016*
R-Square	= 0.681	
Adjusted R-Square	= 0,671	
F-Statistics	= 68.390	
DW-Statistics	= 1.779	

Source: data computation, 2016

Explanation: * Significant on the level of significant () = 5%

** significant () = 10%

In Table 1, the determination coefficient of household consumption expenditure among switched sector workers was 0.681 which represented 68.10 percent of the variation in household consumption expenditure could be explained by the independent variables included in the model, while 31.90 percent was explained by other independent variables outside the model.

Variable of workers' revenue had positive and significant influence on household consumption expenditure about 0.433, meaning that if their revenue increased 100,000 units from average revenue per month, an increase in household consumption expenditure of 43.3 percent would happen. Revenue is a factor that determines the quantity and quality of the commodities to be consumed; it also determines the purchasing power of food and non-food goods. This is in line with the result of research done by Khan, Azam, and Qureshi (2014), which reveals that the revenue was an important factor in consumption. In Engel's it also explains that one of the consumer behavior is that the part of revenue consumed for food tends to decline if their revenue increases (Nicholson, 1989).

The next variable also showed positive and significant influence was the education variable, value of the variable was 0.119, indicating when the education level of worker increased by 1 (one) year, it would affect household consumption expenditure of 11.9 percent. Formal education level of parents also affects the consumption patterns of families. Education can change the attitudes and behavior of people in fulfilling their needs. The higher the worker's level of education, the more easily it can receive information and new innovations that can change their consumption patterns. Moreover, the higher the worker's level of formal education, the more likely he will receive relatively higher revenue levels (Ananta and Sugiharso, 1988).

Meanwhile on the number of dependents in the family, it can be explained that the more number of family members, the greater proportion of household expenditures for food consumption than non-food. This means that the fewer number of dependents, the smaller the proportion of the revenue for food. From the data processing result, the number of dependents had positive and significant influence on household consumption expenditure about 0.145, meaning that if there was additional 1 (one) member of the family who, household consumption expenditure would increase by 14.5 percent. The more number of dependents means the increase on the consumption. This is caused by each individual has the level and types of needs and different preferences in consumption level.

4.2 Contribution of Workers' Revenue to their Family Revenue

The main source of family revenue comes from workers' revenue who works in the primary, secondary, or tertiary sector with different occupations. The average family revenue was IDR 5.038.040. This number was higher than the average revenue of workers by IDR 3.538.540, because the family revenue was the total revenue of all members of the family which was contributed to meet the collective needs in the household. The calculation of the overall contribution of revenue of switched sector workers to their family revenue was 70.24 percent. This number shows that the percentage of workers' revenue was still the main revenue in the family to meet the needs of household members.

4.3 Family Welfare of Switched Sector Workers

Many indicators can be used to measure the welfare of the family. In this study, to measure a family was prosperous or less prosperous Poverty Line (Food Poverty Line + Non-Food Poverty Line) issued by BPS (2015) was used. BPS measured the welfare of the family based on household consumption expenditure per person per month compared to the poverty line. If the expenditure per person per month was less than or equal to the poverty line, then the family can be categorized as poor or less prosperous family. Based on the indicators on Poverty Line (BPS, 2015), in Palembang, the family considered as poor or less prosperous if they have per person expenditure per month IDR 378.739. Table 2 shows the summary of the condition of worker's family based on BPS poverty line.

Table 2. Summary of Condition of Worker's Family based on BPS Poverty Line

Respondents	Family				Total
	Prosperous		Less Prosperous		
	n	%	n	%	
Switched Sector Workers	88	88	12	12	100

Source: data computation, 2016

Table 2 shows that if the consumption expenditure for both food and non-food done by switch sector workers' family was compared to the poverty line, the condition of the family was still categorized prosperous. From the result, it was obtained that from 100 switched sector workers, there were 88 workers whose families categorized as "prosperous", while there were 12 workers whose families categorized as "less prosperous".

One of the goals of the workers who switched jobs is to obtain better revenue from their previous jobs. When the worker has obtained higher revenue, it will affect household consumption levels which provide greater opportunities for the workers themselves and family to meet a variety of needs. Therefore, the higher the level of revenue, it indicates the level of prosperity which becomes better. Results shown in Table 2 clarified that the number of switched sector workers could put their family into a better direction, where the number of families categorized as "prosperous" was 88 percent.

Meanwhile for the family categorized as “less prosperous” by 12 percent, it can be explained that based on the results of field surveys, some workers who switched from the industrial sector to the agricultural sector although the revenue they earned was more than the previous job, the increase was not too significant. Moreover, the needs of households also increased along with the increasing number of dependents. This condition causes 12 worker families were categorized as “less prosperous”.

V. Conclusion and Recommendation

5.1 Conclusion

- a. Variables of workers' revenue, number of dependents, and education showed positive and significant influence on household consumption expenditure
- b. The contribution of revenue of switched sector workers to their family income was 70.24 percent. This shows that the percentage of workers' income was still the main income in the family to meet the needs of household members.
- c. 88 percent of switched sector workers' families could be categorized as “prosperous” while 12 percent was “less prosperous”.

5.2 Recommendation

It is expected that business owners pay attention to the payment of revenue for their workers to guarantee the welfare of workers, and to keep the stability control of commodity prices of food and non-food goods. It is expected that an increase in revenue can be used to meet the needs of family life and it can also be put on their saving accounts.

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